



Statement of Robert V. Colangelo
Manager, Brownfield Development, LLC
&
Executive Director, National Brownfield Association

It is a pleasure to address the Honorable Members of the House Government Reform Subcommittee on Federalism and the Census, who are interested in improving state financial incentive programs related to the complex issue of brownfield redevelopment.

I come here today offering two perspectives ~ one as the founder of a private development company that has successfully redeveloped more than a million square feet of brownfield property in the Chicago area; and the other as the Executive Director of the National Brownfield Association, a non profit international organization of more than 900 members from the public and private sector that are dedicated to promoting the responsible redevelopment of brownfields.

As a private sector developer my experience is that state brownfield programs provide liability relief, financial incentives and technical assistance. Most developers who purchase impaired properties have come to rely heavily on the liability relief offered through state voluntary cleanup programs, one of the strongest is that provided through the Commonwealth of Pennsylvania. Comfort letters provide a defined level of liability relief to developers who have responsibly remediated sites, giving them the ability to secure debt financing.

Technical assistance and financial incentives, while great ideas, are often impractical for most private developments. The Commonwealth of Pennsylvania has been innovative in the creation of a Community Revitalization and Local Government Support Division within the Department of Environmental Protection. This focus on economic development sends a message that brownfields are redevelopment driven issues. The limited amount of program funds available to the private sector often requires an intense investment of time and the use of expensive consultants to help navigate through program eligibility requirements and the application process. Most traditional developers will pass on a brownfield site rather than take a chance on a project that will only work if government incentives are secured.

As time goes on, fewer easy-to-develop brownfield sites are available. Increasingly, cities are left with the harder, more complicated brownfield sites and these sites will require meaningful government incentives to attract private sector investment and developer interest. The challenge to every government agency is to strike a balance and be developer friendly without being overly incentive rich. Brownfield sites by their definition require incentives to bring them to par with unimpaired properties. For government incentives to be meaningful to the private sector, programs should:

- Be easy to understand and administer
- Apply to a wide type of projects
- Allow flexibility in the use of funds



- Provide meaningful funding amounts
- Allow for unused funds to be transferable or refunded

Chairman Turner, I personally commend your efforts to look for a financial incentive solution and support legislation similar to H.R. 4480, which would create a federal brownfield tax credit program that would allow for demolition and remediation expenses. As you draft language for this bill, I encourage you to consider allowing for these credits to be traded on a secondary market, which would further enhance their values and would stimulate more private sector investment.

As Executive Director of the NBA, I would like to introduce our recently completed analysis of state brownfield and voluntary cleanup programs (VCPs) as a possible resource to the committee. This paper is a result of our annual Brownfield Leadership Summit held in Washington, D.C., in May 2005. We recommend four key program elements be considered:

- Environmental closure and liability clarity
- Adequate agency resources
- Cleanup goals to protect human health and the environment
- Financial incentives to meet brownfield needs

Although no single state has developed the best program many states have been creative in developing specific program elements that work well. When designing incentive programs, we encourage you to consider the recommendations provided in this paper.

Members of Congress are to be commended for their willingness to consider and promote new financial incentives that attract private sector investment to these properties.

Thank you for the opportunity to speak, and I look forward to your questions.